

# EXHIBIT 1

Videotaped Deposition of  
**W. Scott Dalrymple, CFA**  
October 22, 2020

Grae  
vs.  
Corrections Corporation of America, et al.



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1 UNITED STATES DISTRICT COURT  
2 MIDDLE DISTRICT OF TENNESSEE  
3 - - -  
4 NIKKI BOLLLINGER GRAE, )  
5 Individually and on Behalf of )  
6 All Others Similarly Situated, )  
7 )  
8 Plaintiff, ) Case No.  
9 vs. ) 3:16-cv-02267  
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Stenographically Reported by:  
Victoria L. Valine, CSR, RMR, CRR, RSA  
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Also Present: Lucy Allen

Videographer: David Campbell

(All parties appeared remotely via videoconference.)

1 deponent, and that there is no objection to that at this  
2 time, nor will there be an objection to it at a future  
3 date.

4 Please indicate your agreement by stating your  
5 name and agreement on the record, after which, I will  
6 swear in the witness.

7 MR. MCGEE: Tray McGee on behalf of the  
8 defendant. We agree.

9 MR. WOOD: Chris Wood. We also agree.

10 CERTIFIED STENOGRAPHER: Will you raise your  
11 right hand, please, sir.

12 Do you solemnly swear that the testimony you  
13 are about to give will be the truth, the whole truth,  
14 and nothing but the truth, so help you God?

15 THE WITNESS: I do.

16 CERTIFIED STENOGRAPHER: Thank you very much.  
17 Counsel, you may proceed.

18 EXAMINATION

19 BY MR. MCGEE:

20 Q. Mr. Dalrymple, my name is Trey McGee. I am an  
21 attorney in Nashville, and I represent the defendants in  
22 this matter.

23 Good morning.

24 A. Good morning.

25 Q. Have you given a Zoom deposition before?

1 exactly we're doing, between say two and five people.

2 Q. So apart from yourself, somewhere between two  
3 and five people contributed to the work that underlies  
4 your opinions?

5 A. It might be if you look at the invoices, it  
6 might be -- there might be more than five just because  
7 at certain stages certain people were doing certain  
8 things. It would be fewer than 10 in total who helped  
9 me on this report.

10 Q. Okay. Do you know roughly how much your firm  
11 has been paid so far for this engagement?

12 A. It would only be a very rough estimate.  
13 Again, I have not added that up.

14 Q. What would your rough estimate be?

15 A. It would be -- a very rough estimate would be  
16 500,000, but that is -- that has a very wide range  
17 around it. I would have to just go look at the  
18 invoices.

19 Q. Okay. Are you offering any opinions in this  
20 matter that are not contained within these reports?

21 A. Well, since I issued these reports, I have  
22 reviewed Ms. Allen's rebuttal report and her expert  
23 testimony, and I have some opinions on that.

24 Q. Any of those opinions, in particular, come to  
25 mind?

1           A.     I would really just need to take a look at her  
2 report. They're similar and consistent with what's  
3 written in my reports.

4           Q.     Okay. So you haven't -- you might have some  
5 new opinions, but -- but they haven't changed the  
6 opinions that you wrote in your original report and your  
7 rebuttal report?

8           A.     That's accurate.

9           Q.     Okay. Are you aware that the plaintiffs -- or  
10 plaintiff's counsel in this case previously retained  
11 Steven Feinstein who issued an opinion?

12          A.     I am aware of that, yes.

13          Q.     Did you review Professor Feinstein's reports?

14          A.     I did review his reports.

15          Q.     If you'll turn to your initial report, which  
16 is Exhibit 562, page 13.

17          A.     All right.

18          Q.     If you look down at footnote 65, you -- do you  
19 see footnote 65?

20          A.     I do.

21          Q.     I'm just going to read the first sentence of  
22 footnote 65. It says, "I considered, but did not rely  
23 on the expert reports of Professor Steven B. Feinstein  
24 Ph.D., CFA, the plaintiff's expert on market  
25 efficiency."

1                   Why did you consider, but not rely upon  
2   Professor Feinstein's report?

3           A.     When I became involved in the case, it was a  
4   report that was in the records, so I reviewed the report  
5   to see what it said, but I did not rely on it as a basis  
6   for my opinions.

7           Q.     Okay. Did you come to the conclusion that any  
8   of Professor Feinstein's opinions in those reports were  
9   wrong?

10          A.     No. I did not -- I did not form opinions --  
11   detailed opinions about Mr. Feinstein's opinions, but in  
12   general, I do not recall having any disagreements with  
13   them.

14          Q.     Did you speak with him in connection with your  
15   work in this matter?

16          A.     No.

17          Q.     Let's turn to your CV, which is Appendix A of  
18   your report.

19                   First off, I see that you're a Longhorn.

20          A.     I am. I -- I sometimes -- it's a -- it was a  
21   hard choice, you know, every fall, I have to explain to  
22   my children why I have to watch the Longhorns every  
23   Saturday on television.

24          Q.     Well, I'm a Longhorn as well, so I suffer  
25   similarly.



1 A. Yeah. It's -- it's been a tough few years.

2 Q. Let's -- let's look at -- at page 2 of your  
3 CV. This is the testimony and publications section?

4 A. Yes.

5 Q. And this list includes all of your testimony  
6 over the past four years, correct?

7 A. Yes.

8 Q. Let's start with the -- the hearing  
9 testimony -- the trial and hearing testimony, which is  
10 on page 3 of your CV.

11 Did the plaintiffs -- I see seven cases listed  
12 there; is that correct?

13 A. Let me count. Yes. I count seven as well.

14 Q. Okay. Did the plaintiffs in any of those  
15 seven cases assert claims under the Securities and  
16 Exchange Act of 1934?

17 A. I do not believe so, but I do not recall  
18 specifically.

19 Q. And you understand that the plaintiffs in this  
20 case are asserting claims under the Securities and  
21 Exchange Act of 1934, correct?

22 A. I have a general understanding of the claims  
23 that are being asserted.

24 Q. Good deal.

25 Flipping back a page to the deposition

1 testimony, there's a lengthy list of deposition  
2 testimony here. I won't try to count them, but do you  
3 recall if the plaintiffs in any of the cases listed  
4 under your deposition testimony asserted claims under  
5 the Securities and Exchange Act of 1934?

6 A. I don't have a specific recollection.

7 Q. Okay. Do you have -- before today, have you,  
8 to your knowledge, testified in a case in which claims  
9 were asserted under the Securities and Exchange Act of  
10 1934?

11 A. Again, I don't have a specific recollection  
12 of -- of the claims in each of these cases. I don't  
13 recall.

14 Q. Fair enough.

15 In approximately -- so let's look back over  
16 kind of a four-year timeframe from now.

17 Do you have any sense of how many expert  
18 reports in litigation matters you've submitted?

19 A. Sorry. Over the last four years?

20 Q. Yes.

21 A. I have not gone back and counted. I mean, I  
22 could provide a --

23 Q. Just an estimate.

24 A. Individual expert reports -- let's see.

25 Q. If it helps --

1 A. I would imagine -- no. Go ahead.

2 Q. Go ahead. Go ahead.

3 A. I would imagine it's more than 25, probably  
4 less than 50.

5 Q. Okay. Just -- I'm not trying to hide the  
6 ball, I'm just trying to understand roughly how many  
7 matters you've submitted records that didn't involve  
8 testimony, so that they aren't listed here on your CV.

9 A. Quite a few.

10 Q. Okay. And you performed an event study in  
11 this case, correct?

12 A. Yes.

13 Q. And prior to this case, how many reports have  
14 you issued that contained event studies? Again,  
15 roughly.

16 A. Expert reports, probably -- I would guess  
17 about five.

18 Q. And --

19 A. But I would just have to go back and look. I  
20 don't know.

21 Q. That's fine. But you estimate roughly five?

22 A. Five reports, that's probably.

23 Q. And were any of those in connection with  
24 securities class action lawsuits like this one?

25 A. Yes.

1 efficiency discussion, so I'm quite familiar with those  
2 cases. The -- I would have personally reviewed just the  
3 ones that I was perhaps less familiar with.

4 Q. So can you give me an example of one that you  
5 would have reviewed that you were less familiar with  
6 from the list?

7 A. So the Ohio Public Employees Retirement  
8 System, which is number 10 --

9 Q. Mmmm-hmmm.

10 A. -- I believe that's a Sixth Circuit case  
11 which -- which I was less familiar with.

12 Q. And so how did it come to be that -- that you  
13 reviewed it?

14 A. When I was forming my view of the allegations,  
15 I wanted to ensure that I had the appropriate  
16 understanding of the, you know, legal basis of the  
17 plaintiff's theory, and that was one of the cases that  
18 plaintiffs pointed to in support of their theory of  
19 liability.

20 Q. So you didn't independently locate that case?  
21 It was provided -- it was pointed to you?

22 A. I believe -- well, I came to know about that  
23 case through this case. Whether I saw it in something  
24 the plaintiffs had filed, or whether counsel identified  
25 it to me first, I don't -- I'm not sure.

1 Q. Okay. How did these cases inform your  
2 opinions about this matter?

3 A. Well, I believe that each of these cases is  
4 referenced in the relevant section in my report. So  
5 it -- it just depends each -- the cases support various  
6 aspects of my report. I would just have to go through  
7 the report.

8 Q. Okay. All right. Let's turn to page 12 of  
9 Appendix B.

10 A. All right.

11 Q. And there are several tables that cover, at  
12 least onto the third page, that list a number of Bates  
13 stamps. Are you familiar -- do you understand what I  
14 mean by Bates stamps?

15 A. I do.

16 Q. And so these are individual documents that  
17 were produced in the litigation; is that your  
18 understanding?

19 A. Yes. I don't -- sorry. I don't know if they  
20 were individual documents, but yeah, these are -- I  
21 don't recall if they're files or actual pages. I would  
22 just have to look.

23 Q. Okay. But they are documents -- they  
24 represent documents produced in the lawsuit?

25 A. Yes.

1 Q. Did you review these?

2 A. I did.

3 Q. And how did you decide that these -- of the  
4 documents produced in the lawsuit that this group is  
5 what you needed to review in order to render your  
6 opinion?

7 A. Well, ultimately, these -- these documents are  
8 not anything that I needed to rely on for my analysis,  
9 so I reviewed them, but ultimately did not utilize them  
10 in preparing my opinions.

11 Q. Why not?

12 A. They just weren't necessary to the analysis I  
13 was doing.

14 Q. And you came to that conclusion after  
15 reviewing all of them?

16 A. Yes.

17 Q. Did you ask to review any other documents that  
18 were produced by parties in the case?

19 A. Not that I recall.

20 Q. Okay. Let's turn to page 1 of -- of your  
21 initial report, Exhibit 562, please.

22 A. All right.

23 Q. Are you there?

24 A. I am.

25 Q. Okay. Paragraph 1 you state, "I have been

1 retained by Robbins, Geller, Rudman & Dowd in the  
2 above-styled case to analyze and quantify the effect of  
3 plaintiff's allegations that the defendants engaged in a  
4 scheme to defraud investors and made materially false  
5 and misleading statements and omissions regarding CCA's  
6 business and operations that led to artificially  
7 inflated share prices between February 27, 2012, and  
8 August 17, 2016." Correct?

9 A. I believe you read that correctly.

10 Q. And that was the scope of your engagement in  
11 this matter, correct?

12 A. Well, the section goes on for the next couple  
13 of -- it goes through paragraph 3, but that is generally  
14 the scope, yes.

15 Q. And so are you rendering an opinion in this  
16 matter as to whether the defendants were actually  
17 engaged in a scheme to defraud investors?

18 A. Yeah. I'm sorry. Let me just clarify.

19 That was the -- that was the scope at the time  
20 I issued my report. So the scope obviously does not  
21 include the rebuttal opinions that I issued.

22 Q. Okay. Understood.

23 A. Do you remind repeating that last question?

24 Q. Sure. Sure. I'd be happy to.

25 Are you rendering an opinion in this matter as

1 to whether the defendants were actually engaged in a  
2 scheme to defraud investors?

3 A. You're asking if I'm rendering an opinion?

4 Q. Right.

5 A. If defendants were -- did you say actively?

6 Q. Actually.

7 A. Actually. Okay. No. I'm not rendering an  
8 opinion about that.

9 Q. Okay. Are you rendering an opinion as to  
10 whether the defendants made materially false and  
11 misleading statements?

12 A. I'm not -- I'm not rendering an opinion about  
13 that.

14 Q. Are you rendering an opinion in this matter as  
15 to whether the defendants made materially false and  
16 misleading omissions?

17 MR. WOOD: Objection to form.

18 THE WITNESS: I am not rendering an opinion  
19 about that.

20 BY MR. MCGEE:

21 Q. Are you rendering an opinion as to whether the  
22 alleged materially false and misleading statements or  
23 omissions led to artificially inflated share prices  
24 during the class period?

25 A. Would you mind repeating that? I -- I just



1 want to make sure I answer it accurately.

2 Q. Sure. Sure.

3 Are you rendering an opinion in this matter as  
4 to whether the alleged materially false and misleading  
5 statements and/or omissions led to artificially inflated  
6 share prices during the class period?

7 A. So my -- my opinion is -- is not whether  
8 the -- whether there were or were not misstatements, it  
9 just -- you know, as I say here, to the extent that that  
10 is found, it is my opinion that if the prior effect  
11 determines that those -- that those misstatements and  
12 omissions occurred, then that led to artificially  
13 inflated share prices.

14 Q. So are you -- are you rendering an opinion  
15 with respect to loss causation?

16 A. Yes.

17 MR. WOOD: Scott, I don't think your answer  
18 came through.

19 MR. MCGEE: I'm sorry. I'll ask the question  
20 again.

21 BY MR. MCGEE:

22 Q. So are you rendering an opinion as to loss  
23 causation?

24 A. Yes.

25 Q. And what is your opinion as to loss causation?

1           A.     I -- yeah, I summarize it pretty well in  
2 section 4, yeah, paragraph 11, "I have measured the loss  
3 caused by the materialization of the allegedly concealed  
4 risks," and then I go on to explain what my opinions are  
5 with regard to share price inflation.

6           Q.     I understand. And we'll spend a fair amount  
7 of time on the inflation, but what I'm trying to get to  
8 is what your opinion is on the loss cause.

9           A.     Yeah. Again, I'm not sure how to answer it  
10 any -- any better than what I've written here in my  
11 summary of opinions.

12          Q.     Okay. We'll circle back around to that.

13                   What were you asked to assume with respect to  
14 the misrepresentations that plaintiffs have alleged?

15                   MR. WOOD: Objection to form.

16                   THE WITNESS: Well, I -- I don't believe I was  
17 asked to assume anything, other than just like with any  
18 damages or share price inflation case, there is an  
19 assumption that -- that plaintiffs prove their  
20 allegations.

21                   MR. MCGEE: Right.

22 BY MR. MCGEE:

23          Q.     So -- but you're assuming for purposes of  
24 rendering your opinion here, that the misrepresentations  
25 are true?

1 BY MR. MCGEE:

2 Q. Can you explain it to me sitting here now,  
3 why -- why you do not believe it's a corrective  
4 disclosure?

5 A. Well, as I -- and I'll just, you know, flip  
6 back to what I wrote in paragraph 51 of my affirmative  
7 report, I say, "the information contained in the OIG  
8 review related to certain information allegedly  
9 concealed in this matter. It is my understanding that  
10 plaintiffs contend that this information did not reveal  
11 the truth about the concealed risk. In addition, I  
12 understand that the Court has found that due to  
13 limitations on its date range, subject matter, and  
14 methodology, the OIG review failed to bridge the gap  
15 between CoreCivic's representations and the truth."

16 Accordingly, I do not consider the OIG review  
17 as a corrective disclosure.

18 Q. Okay. Let's break that down then.

19 So the first sentence you say, it's your  
20 understanding that plaintiff contends this information  
21 did not reveal the truth about the concealed risk.

22 So -- so is the reason that you believe the  
23 OIG report is not corrective is because that's your  
24 understanding of what plaintiff alleges?

25 MR. WOOD: Objection to form.

1 THE WITNESS: Well, that's -- obviously part  
2 of my reason is going to be my understanding of the  
3 plaintiff's allegations.

4 BY MR. MCGEE:

5 Q. And what's the other part of your reason?

6 A. Well, it's what I've written in the rest of  
7 this paragraph.

8 Q. Do you understand that the plaintiff's  
9 complaint alleges that the OIG report was a corrective  
10 disclosure, right?

11 MR. WOOD: Objection to form.

12 THE WITNESS: You know, I don't have a  
13 specific recollection of how plaintiffs characterize  
14 that in their complaint.

15 BY MR. MCGEE:

16 Q. Did you read the complaint?

17 A. I did.

18 Q. Did you take a look at it?

19 A. I'm sorry, what --

20 Q. Do you recall if plaintiffs alleged that it  
21 was a corrective disclosure?

22 A. Yeah. I just don't recall off the top of my  
23 head precisely how plaintiffs wrote that in their  
24 complaint.

25 MR. MCGEE: Okay. So David, could you pull up

1 tab 15, please.

2 THE WITNESS: I think it's loaded.

3 BY MR. MCGEE:

4 Q. Okay. You've got it up?

5 A. Yes.

6 Q. Okay. If you would turn to page 63 of the  
7 complaint, please.

8 A. Sorry. It's still loading on my end.

9 Q. Yep. That's fine.

10 And while that's loading, let me ask you  
11 another question.

12 You read Lucy Allen's expert reports, correct?

13 A. I have read Lucy Allen's export reports, yes.

14 Q. And Ms. Allen discusses it at some length in  
15 her report, the fact that plaintiffs allege that the OIG  
16 report was, indeed, a corrective disclosure, correct?

17 MR. WOOD: Objection to form.

18 THE WITNESS: Yeah. I'm sorry. I was -- I  
19 was multitasking a bit. Would you mind just repeating  
20 that?

21 MR. MCGEE: Sure.

22 BY MR. MCGEE:

23 Q. Ms. Allen discusses at some length in her  
24 report the fact that plaintiffs allege that the OIG  
25 report was a corrective disclosure?

1           A.     Well, that's not what I mean by that.

2                   Cibola was linked to the cost and quality  
3 issues that are part of the plaintiff's allegations, and  
4 plaintiffs allege that the loss of that contract was  
5 related to those same cost and quality issues. When the  
6 Cibola contract was lost, that reduced the value of the  
7 allegedly concealed information.

8           Q.     But you're not answering my question.

9                   We just spent a long time talking about the  
10 OIG report and how it contained many, many different  
11 statements, or allegations, or findings about cost and  
12 quality issues at CoreCivic facilities. And you  
13 testified, as you wrote in paragraph 14 of your  
14 rebuttal, that in order for it to be a corrective  
15 disclosure, it had to link those cost and quality issues  
16 to the loss of a contract, correct?

17                   MR. WOOD: Objection to form.

18                   THE WITNESS: I don't think that's precisely  
19 what I said.

20                   What I was referring to in paragraph 14 is  
21 Ms. Allen's analysis where she attempts to test the  
22 share price reaction corresponding to previous releases  
23 from news reports and other public information about  
24 quality and cost savings.

25                   / / / / /

1 BY MR. MCGEE:

2 Q. But that's precisely what the OIG report is,  
3 Mr. Dalrymple, it's public information that alleged  
4 quality and cost savings issues. We just looked at it,  
5 right?

6 MR. WOOD: Objection to form.

7 THE WITNESS: Are you asking me if we just  
8 looked at the OIG report?

9 BY MR. MCGEE:

10 Q. Yeah.

11 A. We just looked at the OIG report.

12 Q. Yes.

13 A. We did.

14 Q. And -- and the OIG report is public  
15 information that allege quality and cost savings issues,  
16 correct?

17 A. The OIG report is public, and it identified  
18 quality issues. I -- well -- and I don't recall  
19 specifically what, if anything, it said about costs.

20 Q. Okay. Let's focus on quality.

21 A. As I go back to paragraph 14, my point in  
22 paragraph 14 is the identification of that type of  
23 information without a link to the problems with CCA's  
24 BOP relationship are not relevant in assessing  
25 plaintiff's claims. That's what I'm saying in

1 paragraph 14.

2 Q. Right.

3 You say there has to be a linkage. So what is  
4 the linkage between quality and contracts that the  
5 Cibola corrective disclosure revealed?

6 MR. WOOD: Objection to form.

7 THE WITNESS: Well -- sorry. So -- yeah, like  
8 I say in my report -- just bear with me.

9 Yeah. So in paragraph 66 of my report I  
10 discuss this, that it was "a partial corrective  
11 disclosure to the extent it reduced the value of the BOP  
12 relationship that plaintiff alleges caused CCA's stock  
13 to be inflated."

14 BY MR. MCGEE:

15 Q. Right. Well, I --

16 THE VIDEOGRAPHER: Excuse me. Sir, can you  
17 scoot to your left, you're sliding out of frame.

18 THE WITNESS: Is that better?

19 THE VIDEOGRAPHER: Yes. Thank you.

20 BY MR. MCGEE:

21 Q. I understand that you write in paragraph 66  
22 that that's what the plaintiff alleges, but you have --  
23 you've -- you've told me today, and you say in your  
24 report that Cibola is a corrective disclosure -- or at  
25 least a partial corrective disclosure, and you've told



1 me that the OIG report is not a corrective disclosure,  
2 correct?

3 A. For purposes of my analysis, I look at Cibola  
4 as a corrective disclosure, and I do not look at the OIG  
5 review as a corrective disclosure.

6 Q. So I'll ask the question again. Is it your  
7 opinion -- let me ask it this way.

8 Did you analyze whether the OIG report was a  
9 corrective disclosure?

10 MR. WOOD: Objection to form.

11 THE WITNESS: I analyzed what plaintiffs  
12 contend about the OIG report and what the Court upheld  
13 about those allegations. I did not form an opinion as  
14 to whether certain releases were within the zone of risk  
15 of what was concealed.

16 BY MR. MCGEE:

17 Q. Did you --

18 A. So I --

19 Q. I'm sorry. Go ahead.

20 A. Yeah. I mean, that's all -- that's all I can  
21 tell you. I think you're asking me if I, you know, made  
22 some finding of fact about the OIG review, which I did  
23 not.

24 Q. I'm asking you your opinion.

25 Is it in your opinion -- did you analyze the

1   OIG report and formulate an opinion that it was not a  
2   corrective disclosure?

3           MR. WOOD:  Objection to form.

4           THE WITNESS:  I analyzed the OIG report, I  
5   analyzed plaintiff's allegations and what the Court  
6   upheld, and I determined -- and I also looked at the  
7   share price reaction, and I determined that it was not  
8   necessary to consider the OIG review a corrective  
9   disclosure for the purposes of my analysis.

10  BY MR. MCGEE:

11           Q.    Did you analyze the Cibola nonrenewal  
12  announcement and formulate an opinion that it was a  
13  corrective disclosure?

14           MR. WOOD:  Objection to form.

15           THE WITNESS:  Again, I analyzed the Cibola  
16  nonrenewal in conjunction with the plaintiff's claims  
17  and what the Court had upheld about those claims, and I  
18  determined that it was necessary to analyze Cibola as a  
19  corrective disclosure for the purposes of my analysis.

20  BY MR. MCGEE:

21           Q.    There was no statistically significant share  
22  price movement on the release of the Cibola nonrenewal  
23  announcement, was there?

24           MR. WOOD:  Objection.  Form.

25           THE WITNESS:  Well, that's not entirely

1 context as to that hypothetical.

2 Q. Well, I'm just looking at your Appendix C, and  
3 you say that "new information that is relevant to the  
4 value of the company --" let's see. Whoops, I just lost  
5 it.

6 "Since information has the potential to change  
7 expectations about a company, and therefore the value of  
8 its shares, on average one would expect days on which  
9 new information was released to be associated with a  
10 relatively higher frequency of statistically significant  
11 abnormal returns in an efficient market in which shares  
12 react quickly to new information."

13 Right?

14 A. That sounds --

15 CERTIFIED STENOGRAPHER: I'm sorry, counsel,  
16 what was your objection?

17 MR. WOOD: Well, Trey, which paragraph are you  
18 at? Sorry.

19 MR. MCGEE: I'm sorry. I'm on paragraph 28 of  
20 Appendix C.

21 MR. WOOD: Okay. Thank you.

22 THE WITNESS: I'm sorry. Let me flip over to  
23 that. Okay. Yes. I see that.

24 BY MR. MCGEE:

25 Q. Okay. And so if -- if information -- if new

1 information was released that was not associated with --  
2 I'm sorry. I'm sorry. I misread that. Let me step  
3 back.

4 Let's look at paragraph 53 of your report.

5 A. Okay.

6 Q. Paragraph 53 you state in the first sentence,  
7 "it appears that news of the Cibola contract loss was  
8 first published in a news article after market close on  
9 August 1, 2016, by a local Albuquerque news station,  
10 followed by another news story on August 2, 2016, in the  
11 "Gallup Independent," a local newspaper in Gallup New  
12 Mexico, correct?

13 A. I think you read that correctly.

14 Q. Well, those are your findings.

15 A. Well, yeah, that's -- that was the information  
16 I was able to find about that.

17 Q. Okay. And so, "although CCA's shares  
18 experienced negative abnormal returns on both days,  
19 neither of these daily price declines was statistically  
20 significant at the 5 percent level," correct?

21 A. That is what I wrote.

22 Q. Well, is what you wrote accurate?

23 A. Yes.

24 Q. Okay. So it's your opinion that after the  
25 release on two consecutive days of news articles about

1 the Cibola contract nonrenewal, that there was no  
2 statistically significant price declines in CoreCivic  
3 stock, right?

4 A. That -- that's correct.

5 On August 2nd and 3rd, there was not a  
6 statistically significant share price decline.

7 Q. And -- and it's further your opinion that  
8 CoreCivic stock price was sufficient during the class  
9 period, and that means that all publicly available  
10 information was quickly and fully reflected in  
11 CoreCivic's stock price, correct?

12 A. I mean, that's -- that's generally accurate  
13 without parsing the technical words around it.

14 Q. So that's accurate -- that's an accurate  
15 statement, correct?

16 A. Yes. It's my opinion that CCA traded in a  
17 semi-strong form efficient market where -- where new  
18 information was fully reflected in its share price.

19 Q. So the loss of the -- or the nonrenewal of the  
20 Cibola contract was fully reflected in the share price  
21 of CoreCivic on August 2nd and 3rd, correct?

22 A. The information that was known about the loss  
23 of the contract at that time was reflected in its share  
24 price on those days.

25 Q. And you reviewed -- we went through it

1 earlier, you reviewed over 350 analyst reports, correct?

2 A. I think that's right.

3 Q. How many analyst reports -- how many of those  
4 analyst reports you reviewed confirmed your view that  
5 the Cibola nonrenewal revealed a deteriorating  
6 relationship between the BOP and CoreCivic?

7 A. Sorry. Just to break that down a bit.

8 Are you asking me how many analyst reports --  
9 sorry. I'm not entirely sure what you're asking. I  
10 think what you're asking is how many analysts stated  
11 that there was a deteriorating relationship between the  
12 BOP and CCA after the Cibola contract loss; is that the  
13 question?

14 Q. Sure.

15 A. I don't recall -- I don't recall analysts  
16 commenting on the relationship after the Cibola contract  
17 loss. I'd have to look, but I don't recall any.

18 Q. It's true, isn't it, Mr. Dalrymple, that no  
19 analyst suggested that the Cibola nonrenewal was related  
20 to cost or quality issues at CoreCivic, isn't it?

21 MR. WOOD: Objection to form.

22 THE WITNESS: Yeah. I just don't recall  
23 without going back through the analyst reports and  
24 verifying that.

25 / / / / /

1 MR. WOOD: Objection to form.

2 THE WITNESS: Well, I mean, to the extent they  
3 inform the plaintiff's allegations, they do.

4 So, for instance, if there is an allegation of  
5 a misstatement at the beginning of the period and  
6 without that statement the period would begin later,  
7 then that factors in.

8 But my analysis does not disaggregate  
9 inflation based on each of those alleged misstatements.

10 BY MR. MCGEE:

11 Q. Okay. So your analysis does not disaggregate  
12 or take into account each individual statement and apply  
13 an inflation to each statement?

14 MR. WOOD: Objection to form.

15 THE WITNESS: Well, it's what I just said.

16 It accounts for the individual misstatements  
17 to the extent that those individual misstatements form  
18 the basis of plaintiff's allegations.

19 I did not disaggregate my inflation  
20 calculation based on each of those individual  
21 misstatements -- or alleged misstatements.

22 MR. MCGEE: I'm just rereading your answer  
23 there.

24 BY MR. MCGEE:

25 Q. How can you tell if the Yates memo in the

1 Cibola nonrenewal revealed the risk that was allegedly  
2 concealed without looking at the statements that  
3 allegedly concealed that risk?

4 A. Well, I did not say I did not look at those  
5 statements. I said I looked at those statements and I  
6 formed a general understanding of the plaintiff's  
7 allegations.

8 Q. Okay. Let's look at tab 12. Were you able to  
9 download that?

10 A. I was. It appears that I do have the  
11 correct -- I do have the 2015 10-K in tab 12 of the  
12 binder, if it's okay for me to look at that.

13 Q. Yeah. I think it's got perhaps some writing  
14 on it, so I prefer to use the one.

15 A. Yeah. Okay.

16 MR. MCGEE: Let's introduce this document. I  
17 believe we're at 566.

18 (Deposition Exhibit 566 marked.)

19 BY MR. MCGEE:

20 Q. And Mr. Dalrymple, you started to tell me, but  
21 for the record, could you tell me what this document is?

22 A. Yeah. Sorry. Just hang on one second.

23 Yes. This appears to be CoreCivic's 10-K for  
24 the fiscal year ending December 31, 2015.

25 Q. And did you review this document in connection



1 with formulating your opinions in this matter?

2 A. Yes.

3 Q. If you would turn with me to page 32 of the  
4 10-K.

5 MR. WOOD: Trey, which 32 are you -- the one  
6 in the middle or on the right?

7 MR. MCGEE: Good point, Chris. The one in the  
8 middle.

9 MR. WOOD: Okay.

10 MR. MCGEE: It would be 33 on the bottom  
11 right.

12 MR. WOOD: Okay.

13 BY MR. MCGEE:

14 Q. Are you there Mr. Dalrymple?

15 A. I almost am. I'm sorry.

16 Q. No. That's fine. I know it's not nearly as  
17 easy to scroll through on a screen as it is in paper.

18 A. I passed it up. So sorry that was 32 in the  
19 middle and 33 on the right?

20 Q. Yeah. 33 of 161 which is, I think, page 32 of  
21 it.

22 A. Yep. I have it now.

23 Q. And these are what are commonly known as risk  
24 factors.

25 Are you familiar with risk factors generally?

1 A. Sorry. Did you say "risk factors"?

2 Q. Yes. Are you generally familiar with risk  
3 factors?

4 A. I'm generally familiar with them.

5 Q. Yeah. And so if you look on page 32 there, do  
6 you see the paragraph beginning "failure to comply"?

7 A. Yes.

8 Q. So the first sentence there says, "failure to  
9 comply with facility contracts or with unique and  
10 increased governmental regulation could result in  
11 material penalties, or non-renewal, or termination of  
12 non-compliant contracts or our other contracts to  
13 provide or manage correctional and detention  
14 facilities."

15 Do you see that?

16 A. I do.

17 Q. And then if you kind of scroll down to the  
18 bottom, probably three lines from the bottom of that  
19 paragraph there's a sentence that says, "we may not  
20 always successfully comply with these regulations and  
21 contract requirements, and failure to comply can result  
22 in material penalties, including financial penalties,  
23 non-renewal, or termination of non-compliant contracts."

24 Do you see that?

25 A. I do.

1 Q. Did you review these statements in connection  
2 with formulating your opinion?

3 A. I would have reviewed these and other  
4 statements in the 10-K.

5 Q. Do you agree with me that this statement  
6 expresses a potential risk that CoreCivic might be found  
7 to be not in compliance with certain contracts?

8 A. Well, it says what it says. I don't have any  
9 reason to interpret it in any way other than what's  
10 written on the page.

11 Q. Would this have informed the market of these  
12 risks?

13 MR. WOOD: Objection to form.

14 THE WITNESS: Well, this would have informed  
15 the market of what it says on the page.

16 BY MR. MCGEE:

17 Q. And so in an efficient market, such as you  
18 found, this type of information would be reflected in  
19 the stock price of the company?

20 MR. WOOD: Objection to form.

21 THE WITNESS: In an efficient market this, and  
22 the other information in the 10-K, would be reflected in  
23 the share price as it's written here.

24 BY MR. MCGEE:

25 Q. So we talked a bit before -- about the -- when

1 we were discussing corrective disclosures, about the  
2 linkage, I think is the word you used, with respect to  
3 the quality issues at CoreCivic's BOP facilities and the  
4 linkage of the fact that the contracts might be in  
5 jeopardy as a result of those quality issues.

6 Do you remember that?

7 A. Generally.

8 Q. Would the -- would this statement in the 10-K  
9 link public -- publicly known quality issues at  
10 CoreCivic BOP facilities with the risk that those BOP  
11 contracts would be in jeopardy?

12 MR. WOOD: Objection to form.

13 THE WITNESS: Well, I think what you're asking  
14 me is part of what's at issue in the case, which is  
15 whether these disclosures were adequate.

16 BY MR. MCGEE:

17 Q. No. No. I'm -- I'm simply asking you that  
18 if -- if there was -- let's use the Adams riot, for  
19 instance, public disclosure of that event which is a  
20 quality issue at the Adams facility, and we have a  
21 disclosure here that says that these types of issues  
22 could cause us to lose contracts, is that enough to link  
23 the quality issues with the risk of loss of the  
24 contract?

25 MR. WOOD: Objection to form.

1 THE WITNESS: Yeah. I think you're asking me  
2 to make some sort of finding that again strikes me as  
3 what -- part of what's at issue in the case.

4 BY MR. MCGEE:

5 Q. I'm asking you your opinion.

6 A. Well --

7 Q. Is it -- I'm sorry. I interrupted you.

8 A. Well, I think, as I testified earlier, I have  
9 not formed opinions as to whether these disclosures, or  
10 any disclosures, were adequate. That's not what I was  
11 asked to do.

12 Q. Yeah. And I'm not asking you as to whether  
13 these were -- were adequate. I'm asking you about  
14 linking the different types of information.

15 A. Well, I realize you're not using the word  
16 "adequate" --

17 MR. WOOD: I'm sorry. I don't think that's a  
18 proper question or a question at all.

19 BY MR. MCGEE:

20 Q. So is it your opinion that publicly disclosed  
21 quality information, such as the Adams riot, and  
22 disclosures such as this, and others in the 10-K, are  
23 not enough for the market to understand that there could  
24 be potential contractual ramifications for issues --  
25 quality issues like the Adams riot?

1 MR. WOOD: Objection.

2 THE WITNESS: Yeah. I just go back to it  
3 sounds like you're asking me to tell you whether I have  
4 a finding as to whether these disclosures, in  
5 conjunction with the previous events, were adequate,  
6 sufficient, whatever, to inform the market of the risk.

7 And like I said, I have not analyzed the  
8 adequacy of these disclosures. I was not asked to do  
9 that.

10 MR. MCGEE: Okay. Chris, do you want to take  
11 a lunch break?

12 MR. WOOD: Yeah. I would like to do that.

13 MR. MCGEE: It's almost 1:00 central. How  
14 long do you guys need?

15 We can go off the record.

16 THE VIDEOGRAPHER: Going off the record at  
17 12:54.

18 (The lunch recess was taken at 12:54 p.m.)

19 --oOo--

20 (The proceedings resumed after the lunch break  
21 at 1:50 p.m.)

22 THE VIDEOGRAPHER: We are back on the record  
23 at 1:50.

24 BY MR. MCGEE:

25 Q. Good afternoon, Mr. Dalrymple.

1 A. Good afternoon.

2 Q. Would you turn to page 24 of your first  
3 report, please.

4 Let me know when you get there.

5 A. I'm there.

6 Q. Okay. This section of your report is your  
7 description of the inflation at the time of the  
8 corrected disclosures, correct?

9 A. Yes.

10 Q. Specifically paragraphs 80 through 89?

11 A. Yes.

12 Q. If you would look at paragraph -- excuse me,  
13 at table 5 on page 26.

14 Are you with me?

15 A. Yes.

16 Q. There you state that the impact of the  
17 corrective -- excuse me, the impact of the Cibola  
18 contract loss was 46 cents, correct?

19 A. Yes.

20 Q. And your opinion as to the impact of the Yates  
21 memo, is \$8.06, correct?

22 A. Yes. To clarify when you say "impact," that  
23 is the impact before adjusting for the counter-factual  
24 value of the BOP contracts.

25 Q. Understood. I'm just reading across the

1           A.     Yes. I mean, the \$19.08 in the preceding  
2 sentence, which is after the Yates memorandum.

3           Q.     Right. After the Yates memorandum.

4                     So you say, "assuming this post-announcement  
5 price placed little to no value on the BOP contracts,  
6 one may infer what the value of the share price would  
7 have been based on CCA's statement that the BOP  
8 contracts represented approximately 7 percent of its  
9 annual revenue and earnings."

10                    Correct?

11           A.     I believe you read that correctly, yes.

12           Q.     And then you run through a calculation and  
13 reach the conclusion that the BOP -- in your view, at  
14 least, that the BOP contract's counter-factual value  
15 would have been approximately \$1.44 based on the  
16 market's assessment of CCA's risk after the Yates  
17 memorandum, correct?

18           A.     What I'm saying here is that that is one data  
19 point that is implied by what CCA said after the Yates  
20 memorandum.

21           Q.     What are other data points?

22           A.     Well, I discuss those in paragraphs 85 to 87  
23 and in Appendix D.

24           Q.     Okay. So let's focus on the \$1.44 now.

25                    Turn back to table 5, page 26.



1 A. All right.

2 Q. In the middle column you -- as we just  
3 discussed you list \$8.06 as the impact of the corrective  
4 disclosures. And then you subtract the \$1.44 we just  
5 talked about, correct?

6 A. That's correct. For the Yates memorandum.

7 Q. Yeah. For the Yates memorandum. That leaves  
8 a total of \$6.62, correct?

9 A. Yes.

10 Q. What does that \$6.62 represent?

11 A. That represents the loss attributable to the  
12 materialization of risk through the Yates memorandum.

13 Q. How much of the \$6.62 of inflation is related  
14 to the BOP?

15 MR. WOOD: Objection to form.

16 THE WITNESS: I did not disaggregate it here.  
17 BY MR. MCGEE:

18 Q. Did you disaggregate it anywhere?

19 A. No. I mean, I reviewed what Ms. Allen wrote  
20 after I issued this report, but no, I did not  
21 disaggregate it.

22 Q. How much of the \$6.62 of inflation you claim  
23 at the time of the Yates memo is related to CoreCivic's  
24 U.S. Marshals Service business?

25 MR. WOOD: Objection to form.

1 THE WITNESS: I did not disaggregate it by  
2 business line or customer.

3 BY MR. MCGEE:

4 Q. Did you analyze the company's U.S. Marshals  
5 Service contracts?

6 A. To the extent they were provided in CCA's  
7 filings, I -- I was aware of them. I did not perform  
8 any specific analysis to try to disaggregate the \$6.62  
9 across those various contracts.

10 Q. What about ICE?

11 ICE is Immigration and Customs Enforcement.

12 How much of the company's ICE contracts are  
13 represented in the \$6.62 of inflation you claim?

14 MR. WOOD: Objection to form.

15 THE WITNESS: Yeah. Again, I did not  
16 disaggregate the \$6.62 by customer.

17 BY MR. MCGEE:

18 Q. How about state contracts, the State of  
19 Tennessee, for instance, how much of the company's State  
20 of Tennessee business is reflected in the \$6.62 of  
21 inflation you claim?

22 MR. WOOD: Objection to form.

23 THE WITNESS: Again, it's the same answer. I  
24 did not disaggregate the \$6.62 by customer.

25 / / / / /

1 BY MR. MCGEE:

2 Q. What does the \$6.62 represent with respect to  
3 inflation?

4 MR. WOOD: Objection to form.

5 THE WITNESS: Well, if you -- if you look at  
6 table 6, which is right after paragraph 94, you can see  
7 \$6.62 is the component of inflation related to the Yates  
8 memorandum between February 8, 2013 and August 17, 2016.

9 BY MR. MCGEE:

10 Q. Did you -- you mentioned a chart in  
11 Ms. Allen's report earlier with respect to this  
12 calculation.

13 Do you disagree with Ms. Allen's chart?

14 A. Are you referring to her rebuttal report?

15 Q. Yes.

16 A. Could I -- could I flip to that? Is it in  
17 this binder? I just want to make sure we're talking  
18 about the same chart.

19 Q. Sure. And that's tab -- for David, that's  
20 tab 4.

21 THE VIDEOGRAPHER: I'm sorry. You said tab 4?

22 MR. MCGEE: Yes. It was tab 4.

23 It was previously introduced, but I don't have  
24 the exhibit number but we can reintroduce it as  
25 Exhibit 567.

1 THE VIDEOGRAPHER: Okay.

2 (Deposition Exhibit 567 marked.)

3 BY MR. MCGEE:

4 Q. That's on page 17, Mr. Dalrymple.

5 A. Okay. I just wanted to make sure we were  
6 talking about the same charts. And your question was  
7 whether I -- whether I agree or disagree with this  
8 chart?

9 Q. Yes. Is -- is the chart accurate?

10 A. I'm sorry. I missed the last part. Is the  
11 what?

12 Q. Is the chart in Ms. Allen's report correct?  
13 The chart on page 17.

14 A. Oh. No. It's not correct.

15 Q. What's wrong with it?

16 A. It improperly suggests that \$6.16 of the \$6.62  
17 inflation figure is attributable to the non-BOP  
18 business.

19 Q. Well, what is it attributable to?

20 A. Well, it's not proper to break it out in the  
21 way Ms. Allen has. The -- she seems to be multiplying  
22 \$6.62 by 7 percent, and I don't follow that logic. But  
23 regardless, that's just not an appropriate way to look  
24 at -- to look at that. So the \$6.16 is just not a  
25 meaningful number.

1           **Q.     Your inflation number is not meaningful?**

2           A.     No.   That's not what I said.

3                     I said her split of inflation between \$6.16  
4   for non-BOP, and 46 cents for BOP, that's not  
5   meaningful.   That's not a meaningful split.   It's not  
6   logical.

7           **Q.     Okay.   So let me ask you this.   I'll turn back**  
8   **to your report.   And while we do that, can you tell me**  
9   **why it's not logical?**

10          A.     Well, because there's no reason that you would  
11   multiply the \$6.62 inflation by 7 cents.   And if you  
12   look in my report, you know, for instance in Appendix D,  
13   you can see why that is.   You can see that, you know,  
14   at -- given the contribution of the BOP businesses to  
15   FFO at the margin and CCA's multiple at the time, the  
16   BOP would account for much higher proportion of that  
17   \$6.62.

18          **Q.     And what proportion would it account for?**

19          A.     Well, like I said, I haven't -- I have not  
20   done the math explicitly, but certainly a great deal  
21   more than 7 percent.

22          **Q.     So you say in paragraph 84 that your \$1.44**  
23   **counter-factual number assumes that little to no value**  
24   **is placed on the BOP contracts, correct?**

25          A.     The \$1.44 figure -- I'm sorry.   Let me flip

1 back to that -- is based on the \$19.08 figure which --  
2 which appears to have little -- have placed little to no  
3 value on the BOP contracts.

4 Q. Right.

5 So if the \$19.08 figure places little to no  
6 value on the BOP contracts, as you've said, how much of  
7 the \$6.62 inflation relates to the BOP contracts?

8 It has to be either zero or a de minimis  
9 amount, correct?

10 MR. WOOD: Objection to form.

11 THE WITNESS: Yeah. That's not correct.

12 BY MR. MCGEE:

13 Q. Why?

14 A. Well, I think I'm going to have to ask you to  
15 explain your logic a little bit more to explain what's  
16 wrong with it. I just don't follow the logic there.

17 Q. Okay. We'll try again.

18 Then maybe I can have you explain it to me.  
19 You said -- testified earlier and your report says that  
20 on August 19, 2016, CCA stock closed at \$19.08, correct?

21 A. Yes.

22 Q. And you said, "assuming that this price --"  
23 the \$19.08 -- "placed little to no value on the BOP  
24 contracts --" that you could calculate a counter-factual  
25 value, correct?

1           Q.    Is it your opinion that was a result of CCA's  
2 failure to disclose the extent of the risk prior to the  
3 Yates memorandum?

4           MR. WOOD:  Objection to form.

5           THE WITNESS:  Well, I think you're asking me a  
6 finding of fact.  That's -- that sounds like it's the  
7 issue that's before the trier of fact.

8 BY MR. MCGEE:

9           Q.    I'm just reading what you wrote.

10           You said that you were not surprised that the  
11 corrective disclosure would have resulted in an  
12 increased risk -- increase in perceived risk of CCA's  
13 other profit streams due to the BOP's decision and CCA's  
14 failure to disclose the extent of this risk prior to the  
15 Yates memorandum?

16           A.    Yeah.  I'm wondering if perhaps I should have  
17 said alleged failure, but I think the point there is  
18 that when there is a large revision to expectations and  
19 the market learns a significant piece of information,  
20 such as what it learned here, that a major customer is  
21 at risk, it is unsurprising that there is an increase in  
22 perceived risk across the rest of the company's  
23 business.

24           Q.    But you're attributing inflation as a result  
25 of the fraud, correct?

1 MR. WOOD: Objection to form.

2 THE WITNESS: I'm not sure I understand your  
3 question.

4 BY MR. MCGEE:

5 Q. Well, you say back here -- flip to  
6 paragraph 90.

7 A. All right.

8 Q. You say, "if the trier of fact finds that  
9 defendants' alleged fraud fell within the zone of risk  
10 revealed through the corrective disclosures, then the  
11 inflation estimate set forth in table 5 would have been  
12 present in CCA's shares beginning at the time the trier  
13 of fact determines that the information revealed by the  
14 corrective disclosures was within the zone of risk,"  
15 correct?

16 A. That -- that's what I wrote, yes.

17 Q. All right. Have you concluded -- have you  
18 assumed that the BOP -- that CoreCivic's relationship  
19 with the U.S. Marshals Service, ICE, and its state  
20 customers was deteriorating?

21 MR. WOOD: Objection to form.

22 THE WITNESS: Have I assumed it that --  
23 that --

24 BY MR. MCGEE:

25 Q. In connection with your analysis.



1 A. No. I have not made any assumptions about the  
2 state of CCA's relationship with those customers.

3 Q. Yet your inflation -- your \$6.62 of inflation  
4 includes inflation for those customers, correct?

5 MR. WOOD: Objection to form.

6 THE WITNESS: Well, like I said, it extends  
7 beyond simply CCA's business, because there was an  
8 increase in the perceived risk of CCA's entire earnings  
9 stream, not just its BOP business.

10 BY MR. MCGEE:

11 Q. And so that additional perceived risk you  
12 calculate as inflation that results from the failure to  
13 disclose the extent of the risk prior to the Yates  
14 memorandum, correct?

15 A. I think your question is how I -- are you --  
16 are you asking me how I calculate the risk?

17 Did you ask me how I calculate the risk?

18 Q. No. You calculated \$6.62 at the time of the  
19 Yates memorandum of inflation.

20 As we talked about that \$6.62 has some amount  
21 of inflation as a result of the ICE business, some  
22 amount as a result of the U.S. Marshals Service  
23 business, some amount as a result of the state business,  
24 correct?

25 MR. WOOD: Objection to form.

1 THE WITNESS: Some portion of the \$6.62 is  
2 attributable to the non-BOP customers.

3 MR. MCGEE: Correct.

4 BY MR. MCGEE:

5 Q. And you didn't calculate how much is  
6 attributable to each customer?

7 A. I did not calculate how much of the \$6.62 is  
8 attributable to each individual customer.

9 Q. Correct. Yet you're attributing all of that  
10 inflation to CCA's failure to disclose the extent of the  
11 risk -- the BOP risk, and the BOP's decision, as you  
12 say, prior to the Yates memorandum, correct?

13 A. Well, it is a single risk, and that risk is  
14 materialized through the Yates memorandum. And the  
15 Yates memorandum was related directly to the BOP.

16 The materialization of the risk and the Yates  
17 memorandum caused an increase in perceived risk across  
18 the rest of CCA's business as well. So it's all the  
19 same risk that materialized.

20 Q. And it all materialized because of BOP -- the  
21 BOP declining relationship or deteriorating relationship  
22 with CoreCivic?

23 A. Again, it sounds like you're asking me a  
24 finding of fact.

25 Q. No. You have said in your report that if a --

1 a finder of fact can use the table at table 6 to  
2 determine amount of inflation, correct?

3 A. Sorry. Are you reading from paragraph 98, I  
4 guess?

5 Q. Yes.

6 A. Yes. Paragraph 98 says that the finder of  
7 fact -- "to the extent the finder of fact determines  
8 that the information revealed by the corrective  
9 disclosures was within the zone of risk concealed by  
10 defendants' alleged fraud, then the share price  
11 inflation figures corresponding to purchase dates in  
12 table 6 would apply to any member of the class,"  
13 et cetera.

14 Q. Right.

15 And so the alleged fraud here is -- relates to  
16 the BOP's relationship with CoreCivic, correct?

17 A. Like I said, I feel like I've stated my  
18 understanding of the allegations pretty clearly in my  
19 report.

20 I don't --

21 Q. Well, the allegations are contained in the  
22 complaint, and the complaint -- the allegations in the  
23 complaint are directed at the BOP's relationship with  
24 CoreCivic, correct?

25 We've already established that there are no

1 least a significant amount of the BOP business is worth  
2 \$1.44, correct?

3 MR. WOOD: Objection to form.

4 THE WITNESS: So, again, to go back to the  
5 \$1.44, the \$1.44 is what I've assumed the  
6 counter-factual value of the three BOP contracts would  
7 have been before the Yates memorandum, and that was one  
8 of three data points that I selected, the highest one,  
9 which rendered my inflation calculations conservative.  
10 BY MR. MCGEE:

11 Q. Okay. So backing up.

12 It's fair to say that the \$6.62 inflation you  
13 calculated contains some amount of non-BOP related  
14 inflation, correct?

15 MR. WOOD: Objection to form.

16 THE WITNESS: I mean, I think your -- what you  
17 say is that some portion of that loss relates to the  
18 expectation that the BOP business is going to be lost,  
19 and some other portion reflects the additional risk that  
20 non-BOP business will be lost.

21 BY MR. MCGEE:

22 Q. And you're attributing that additional risk  
23 that non-BOP business will be lost to the alleged fraud  
24 that plaintiffs put in the complaint, correct?

25 MR. WOOD: Objection to form.

1 THE WITNESS: Again, I'm just measuring what  
2 the share price did when the risk materialized  
3 accounting for the counter-factual value of the BOP  
4 contracts.

5 BY MR. MCGEE:

6 Q. So your -- so when you say "inflation," that's  
7 just what it is, inflation, it may be wholly unrelated  
8 to the allegations in the complaint?

9 MR. WOOD: Objection to form.

10 THE WITNESS: That's -- no. That's  
11 inaccurate.

12 Like I said, I explain how the share price  
13 declines, that I measure in table 5, relate to inflation  
14 in table 6. That that inflation is -- is derived  
15 directly from those -- from the share price declines in  
16 table 5.

17 MR. MCGEE: Right.

18 BY MR. MCGEE:

19 Q. But let's look at table 6. There's your \$6.62  
20 in the far column.

21 Do you see it in the third column?

22 A. I do.

23 Q. And so some amount, that you didn't calculate,  
24 is related to the company's ICE business, correct?

25 MR. WOOD: Objection to form.

1 THE WITNESS: Yeah. As I testified earlier,  
2 the \$6.62 would be -- would represent inflation related  
3 to the BOP and the non-BOP business.

4 BY MR. MCGEE:

5 Q. And so the non-BOP inflation -- that's what  
6 I'm focused on -- that inflation, in your opinion, must  
7 be as a result of the allegations in the complaint  
8 related to the BOP business?

9 MR. WOOD: Objection to form.

10 THE WITNESS: Like I said, my understanding of  
11 the allegations is that the risk that materialized and  
12 was alleged in the complaint, was a single risk. The  
13 impact of the materialization of that risk affected  
14 expectations for both the BOP and non-BOP business.

15 BY MR. MCGEE:

16 Q. How much did the BOP business represent of  
17 CCA's stock price prior to the Yates memorandum?

18 MR. WOOD: Objection to form.

19 THE WITNESS: Well, we talked about this  
20 earlier, and -- and I pointed you to Appendix D. I have  
21 not calculated a precise estimate of what proportion of  
22 CCA's share price the BOP business represented.

23 BY MR. MCGEE:

24 Q. What did you analyze to measure that risk?

25 MR. WOOD: Objection to form.

1 THE WITNESS: What risk?

2 BY MR. MCGEE:

3 Q. The risk that you say materialized.

4 A. When you say "measure the risk," that  
5 analysis -- that is essentially subsumed within my  
6 analysis. I do not, in my report, parameterize risk as  
7 a parameter. So I guess I just don't understand what  
8 your question is getting at.

9 Q. I think we talked about this earlier, but I  
10 want to make sure. Which analyst concluded that the  
11 CoreCivic stock price drop following the Yates  
12 memorandum was -- resulted from the disclosure of the  
13 BOP's deteriorating relationship?

14 MR. WOOD: Objection to form.

15 THE WITNESS: Sorry. You're asking me which  
16 analyst said that?

17 I don't -- I don't recall an analyst saying  
18 that.

19 BY MR. MCGEE:

20 Q. Well, what forms your basis to say that the  
21 impact of the Yates memo extended beyond the value of  
22 the BOP contracts?

23 A. Yeah. I think I said it pretty clearly in the  
24 report. I don't know --

25 Q. I'm not asking you to re-read the report. I'm

1 B, I have a D. Did you say D or E?

2 Q. D as in David.

3 A. D. Okay. Yes. This appears to be it.

4 Q. If the Yates memo had, in fact, revealed to  
5 the market the deteriorating relationship between the  
6 Bureau of Prisons and CoreCivic, would you have expected  
7 that these analysts from SunTrust Robinson Humphrey and  
8 Compass Point would have noted that fact in these  
9 analyst reports?

10 MR. WOOD: Objection to form.

11 THE WITNESS: I don't know. I don't know what  
12 they would have -- what they would have noted. It would  
13 just -- it would just depend on, you know, what that  
14 hypothetical Yates memorandum looked like.

15 BY MR. MCGEE:

16 Q. I don't mean the hypothetical Yates  
17 memorandum, I mean the actual Yates memorandum.

18 A. But I think you just said -- or you posited a  
19 Yates memorandum that had called out the deteriorating  
20 relationship between the BOP and CCA.

21 Q. Well, that's plaintiff's position, correct?  
22 That the Yates memo is a corrective disclosure that  
23 revealed to the market the deteriorating relationship  
24 between CoreCivic and the Bureau of Prisons?

25 MR. WOOD: Objection to form.



1 THE WITNESS: Yeah. I mean, my understanding  
2 of plaintiff's allegations is as set out in the report.  
3 I guess I just don't understand how this relates to your  
4 question.

5 BY MR. MCGEE:

6 Q. Well, it's your opinion that the Yates  
7 memorandum is a corrective disclosure, correct?

8 A. Well, as I discuss in my report, the Yates  
9 memorandum, based on the plaintiff's allegations, is a  
10 corrective disclosure.

11 Q. So you haven't independently determined  
12 whether it's a corrective disclosure or not?

13 MR. WOOD: Objection to form.

14 THE WITNESS: Based on what the plaintiff  
15 alleges, I have determined that the Yates memorandum  
16 conveyed the information that caused the market to  
17 revise its expectations.

18 You know, and I tested it as a corrective  
19 disclosure. I incorporated it into my analysis based  
20 upon that.

21 But as I testified earlier, I had not reached  
22 some sort of finding of fact as to whether the  
23 information revealed through the Yates memo was  
24 corrective or not. That -- that's a finding of fact  
25 that I understand is before the trier of fact.

1 BY MR. MCGEE:

2 Q. I'm not asking about a find -- I'm asking your  
3 opinion.

4 A. Well, I haven't been asked to form an opinion  
5 as to that finding of fact.

6 Q. Is it your opinion that the Yates memo was a  
7 corrective disclosure?

8 MR. WOOD: Objection to form.

9 THE WITNESS: What I have concluded here is --  
10 you know, all I can do is go back to what I've written  
11 in the summary of my opinions and I can tell you what my  
12 opinions are.

13 BY MR. MCGEE:

14 Q. I'm just -- it's a yes or no question.

15 I'm asking you, is it your opinion that the  
16 Yates memo is a corrective disclosure?

17 MR. WOOD: Objection to form.

18 THE WITNESS: It's my opinion that the Yates  
19 memo revealed -- sorry, that the -- that if the Yates  
20 memo is found to have -- sorry.

21 The risk that materialized through the Yates  
22 memo, if that is found to have been within the zone of  
23 the risk concealed, then I have computed what the  
24 inflation is related to that, but I have not -- I have  
25 not determined whether the Yates memorandum and the

1 information concealed were within the zone of risk.

2 And in order for me to tell you -- to answer  
3 your question, it sounds like I would have to make that  
4 determination, and I have not been asked to make that  
5 determination.

6 I have assumed that the plaintiffs, you know,  
7 will -- you know, for the purposes of my analysis, will  
8 show liability.

9 BY MR. MCGEE:

10 Q. Is it your opinion that the information  
11 revealed in the Yates memorandum was new information to  
12 the market?

13 A. Yes. The information revealed through the  
14 Yates memorandum was new information to the market.

15 Q. Let's turn back to table 6. This is your  
16 table, and paragraph 94, page 27 of your complaint.

17 A. All right.

18 Q. Are you with me?

19 A. Table 6, yes.

20 Q. You say in paragraph 95, "the above inflation  
21 estimates are based on an approach known as the constant  
22 dollar method --" I'm sorry. Excuse me. Let's go down  
23 to 97.

24 You say, "in my opinion the above inflation  
25 estimates represent reasonable and conservative

1 estimates of the impact of the allegedly concealed risk  
2 during the class period."

3 That's your opinion, correct?

4 A. Yes. I'm sorry. You're on 97?

5 Q. Yep. I misspoke earlier. I apologize. I  
6 meant to direct you to 97.

7 A. Okay. I just read what I wrote. I think you  
8 said it.

9 Q. And so it's your opinion that the inflation  
10 estimates in table 6 represent reasonable and  
11 conservative estimates of the impact of the allegedly  
12 concealed risk during the class period?

13 A. Yes.

14 Q. So table 6, let's look at the -- as I  
15 understand it, the table has three columns, and the  
16 difference -- or the reason that the first two columns  
17 exist is because you had to reflect the company's  
18 conversion to a REIT, correct?

19 A. The -- that's the first column reflects -- is  
20 reflective of that shift, and then the second column is  
21 reflective of inflation including the Cibola contract  
22 loss, and then the third column is -- is inflation once  
23 the partial corrective disclosure of the Cibola contract  
24 loss has been made.

25 Q. Let's look at the middle column. The middle

1 column is -- covers February 8, 2013, to August 1, 2016,  
2 right?

3 A. Correct.

4 Q. Total inflation of \$6.94. Do you agree with  
5 that?

6 A. Yes.

7 Q. Okay. Let me give you a hypothetical to make  
8 sure -- I want to make sure I understand how this chart  
9 works. So let's say on February 9th of 2013 -- so one  
10 day into this class period -- let's say the finder of  
11 fact -- the trier of fact determines that the  
12 information revealed about a corrective disclosure was  
13 within the zone of risk concealed by defendants' alleged  
14 fraud and that began on February 9, 2013.

15 Are you with me?

16 A. I am.

17 Q. Is it your opinion then that the inflation on  
18 February 9, 2013, would be \$6.94?

19 A. Based on that finding, yes.

20 Q. And under that hypothetical, what would the  
21 inflation have been on February 8, 2013?

22 MR. WOOD: Objection to form.

23 THE WITNESS: I'm sorry. Did you say  
24 February 8th is before the finder of fact determines  
25 that the risk concealed was within the zone of risk that

1 materialized; is that right?

2 BY MR. MCGEE:

3 Q. Correct.

4 A. Then -- then there would be no inflation on

5 February 8, 2013.

6 Q. So in my hypothetical there would be no  
7 inflation on February 8th, 2013, but on  
8 February 9th, 2013, there would be \$6.94 of inflation,  
9 correct?

10 A. If that is what the finder of fact determines.

11 Q. Well, the finder -- let's -- let's go back to  
12 the finder of fact.

13 If the finder of fact determines that the  
14 information revealed by the corrective disclosure is  
15 within the zone of risk, then you say that the inflation  
16 figures on table 6 would apply, correct?

17 A. I believe that's generally what I say in  
18 paragraph 98. I say it a little differently there, but  
19 I -- I think that's accurate.

20 Q. So your compute -- so you have computed  
21 inflation here as if the relationship between CoreCivic  
22 and the BOP was irretrievably broken in one day, and on  
23 that day, February 9, it was certain that the BOP would  
24 no longer renew or award CoreCivic new contracts; is  
25 that correct?

1 MR. WOOD: Objection to form.

2 THE WITNESS: No.

3 BY MR. MCGEE:

4 Q. Why not?

5 A. Well, for multiple reasons. It was -- you  
6 said a couple of things in that question that weren't  
7 correct.

8 Q. What were they?

9 MR. WOOD: Objection to form.

10 THE WITNESS: Well, I think you said that the  
11 relationship was irretrievably broken in one day, and  
12 I'm not sure how that comes into play in your  
13 hypothetical, but I don't -- I don't see why a finder of  
14 fact would need to find that the relationship was broken  
15 in a single day.

16 And then -- well, I think -- if you want to  
17 read the question back to me, we could break it down  
18 that way.

19 BY MR. MCGEE:

20 Q. Well, let's do it this way.

21 If -- in your rebuttal report you say that  
22 "CoreCivic concealed quality-related incidents during  
23 the class period that caused its relationship with the  
24 BOP to deteriorate."

25 And that's consistent with what the plaintiffs

1 have alleged.

2 Do you agree with that?

3 A. Could you -- would you mind pointing me to  
4 where you are in my rebuttal report, just so I can  
5 follow along?

6 Q. Sure. Paragraph 13.

7 A. I think you were reading from probably the  
8 second to last sentence in there, in 13, but I think  
9 I'm -- I understand what you were saying.

10 Q. Right.

11 It says, "plaintiff argues that CoreCivic  
12 concealed that these incidents had caused its  
13 relationship with the BOP to deteriorate causing it to  
14 lose contracts and putting its business at risk."

15 And so my question is simply, if a  
16 relationship deteriorates over time, how is it that the  
17 inflation on day one is the same as it is on the day  
18 before the Cibola announcement or the Yates memo?

19 A. Well, again it is -- the inflation applies  
20 when it is determined that the -- the information  
21 concealed is within the zone of the risk that  
22 materialized. And that determination can be as of the  
23 day. That day might be after the relationship had  
24 already deteriorated. It could be somewhere in the  
25 middle.



1           It's not necessarily the first instance when  
2 the relationship started to deteriorate. Again, that's  
3 up to the finder of fact.

4           Q.     Right.

5           But this is your model and opinion of  
6 inflation, and so if the finder of fact finds that the  
7 information revealed by the corrective disclosure was  
8 within the zone of risk concealed by defendants by fraud  
9 on February 9th, in my hypothetical, you go, under  
10 your -- under your analysis, from zero dollars of  
11 inflation to the maximum dollars of inflation on day  
12 one, and it stays at the maximum dollar of inflation for  
13 over three years, correct?

14          A.     Well, you say "maximum dollars of inflation"  
15 as if there's some sort of scale there, and there's not.  
16 The finder of fact either determines that the  
17 information concealed as of that date was within the  
18 zone of risk, or they do not.

19          Q.     But you don't give the finder of fact --

20          A.     But they -- I'm sorry.

21          Q.     Sorry. Go ahead.

22          A.     But inflation either applies on that date, if  
23 that is the finding, or it does not, if that is not the  
24 finding. It does not progress through some sort of  
25 scale up to a maximum as you stated. It is either found

1 to be the case or it is not found to be the case.

2 Q. How would your damage model change if the  
3 trier of fact found that CoreCivic was within the zone  
4 of risk for certain periods of time and then left the  
5 zone of risk for other periods of time?

6 MR. WOOD: Objection to form.

7 THE WITNESS: So in other words, the finding  
8 would be that CoreCivic was within the zone of risk for  
9 some portion of the class period, and then was outside  
10 the zone of risk for some other portion of the class  
11 period?

12 BY MR. MCGEE:

13 Q. Sure.

14 A. And was then back in the zone of risk for the  
15 rest of the class period?

16 I'm having -- I'm just -- I'm having trouble  
17 thinking about a realistic finding where that could be  
18 the case.

19 Q. I'm just asking how your damage model would  
20 change.

21 MR. WOOD: Objection to form.

22 THE WITNESS: Can you give me an example of --

23 MR. MCGEE: Okay. Sure. Sure.

24 BY MR. MCGEE:

25 Q. Let's use my hypothetical. February 8, zero

1 dollars of inflation. February 9th, the finder of fact  
2 finds that CoreCivic entered the zone of risk.

3 Let's say that six months later CoreCivic  
4 announces it's renewing the BOP contract, and the finder  
5 of fact finds that while the relationship had  
6 deteriorated, CoreCivic turns it around and is no longer  
7 in the zone of risk. And then subsequently CoreCivic  
8 has some more quality issues, and CoreCivic goes back  
9 into the zone of risk.

10 How would your model -- how would your model  
11 contemplate inflation in that scenario?

12 MR. WOOD: Objection to form.

13 THE WITNESS: Well, I don't think it would be  
14 any different, but it's -- it really just says on the  
15 dates on which the finder of fact determines that  
16 CoreCivic was within the zone of risk, then the  
17 inflation in table 6 would apply.

18 I -- it's difficult to imagine CoreCivic going  
19 in and out of the zone of risk, but I suppose if the  
20 finder of fact found that it exited the zone of risk for  
21 some intermediate period during the class period, then  
22 inflation would not apply on those dates when it was  
23 outside the zone of risk.

24 BY MR. MCGEE:

25 Q. Would losing BOP contracts during the class

1 period suggest that CoreCivic was within the zone of  
2 risk?

3 MR. WOOD: Objection to form.

4 THE WITNESS: That sounds like it's a finding  
5 of fact.

6 BY MR. MCGEE:

7 Q. Well, I'm just asking your opinion.

8 MR. WOOD: Objection to form.

9 THE WITNESS: I wasn't asked to form opinions  
10 on what is and is not within the zone of risk.

11 BY MR. MCGEE:

12 Q. Let's turn to tab 6, please.

13 A. All right.

14 MR. MCGEE: Let's label this Exhibit 570.

15 (Deposition Exhibit 570 marked.)

16 BY MR. MCGEE:

17 Q. Mr. Dalrymple, can you tell me what this  
18 document is?

19 A. Well, it appears to be plaintiff amalgamated  
20 bank's responses and objections to defendant  
21 CoreCivic Inc.'s first set of interrogatories to  
22 plaintiff.

23 Q. Have you seen this document before?

24 A. I don't recall whether I have or not.

25 Q. Look back -- it's lengthy. Look back to

1 page 145.

2 A. I don't think it's that lengthy. Mine stops  
3 at page 12.

4 Q. Are you on tab 6?

5 A. Yes.

6 Q. Okay. Let me see what David put up.

7 Mr. Dalrymple, could I get you -- I hate to do  
8 this, it is a lengthy document, but could I get you to  
9 click on the link that's -- I take that back.

10 A. I just did and it looks like the same document  
11 appeared when I clicked on the link.

12 Q. Yeah. Okay. Let's use that document then.

13 A. Okay. Sorry. The document that I have in my  
14 binder?

15 Q. Yeah.

16 A. Okay.

17 MR. WOOD: Trey, sorry, which document are we  
18 supposed to be looking at?

19 MR. MCGEE: Well, I guess I gave the wrong  
20 tab, but Chris, it's Plaintiff's Supplemental Objections  
21 and Responses to CoreCivic's Second Set of  
22 Interrogatories.

23 MR. WOOD: Okay. I don't have that. Do you  
24 want me to pull it up?

25 MR. MCGEE: Yeah, if you don't mind. David

1 put the link, I think in the --

2 MR. WOOD: No, but the link that he -- the  
3 link that he put up on tab 6 is our -- is our  
4 2008 responses to your first set of interrogatories.

5 MR. MCGEE: Oh. That's what -- okay. Hang  
6 on. I'll come back. I'll come back to these. Let's  
7 hold that for a moment.

8 BY MR. MCGEE:

9 Q. Mr. Dalrymple, can you turn to page 8 of your  
10 report -- excuse me, paragraph 8. I misspoke.

11 A. All right.

12 Q. You say there in the last sentence that you  
13 had discussions with Donna Mellendick.

14 Who is Ms. Mellendick?

15 A. I understand she is -- and I don't know or  
16 recall her title, but I understand she is another expert  
17 retained on behalf of the plaintiffs.

18 Q. How many discussions did you have with her?

19 A. One.

20 Q. How long was that discussion?

21 A. I don't recall, probably half an hour, maybe a  
22 bit longer. Maybe -- probably roughly half an hour to  
23 45 minutes, but I'm really not sure. I just -- I don't  
24 recall specifically.

25 Q. Who requested the discussion?

1 MR. WOOD: Objection to form.

2 THE WITNESS: I don't know. My recollection  
3 is it was a discussion that -- that counsel set up to  
4 kind of help me understand what the allegations were,  
5 and -- and I don't recall specifically how long I had  
6 the discussion with her versus, you know, counsel being  
7 on the phone before or after that call. I just -- I  
8 don't recall it very well.

9 BY MR. MCGEE:

10 Q. What topics did you discuss with  
11 Ms. Mellendick?

12 A. We generally talked about the analysis that  
13 she was doing about the BOP contracts and the extent to  
14 which, you know, CCA might have expected to renew those  
15 contracts, but I really have a pretty vague recollection  
16 of it.

17 Q. Is any part of your opinion based on what  
18 Ms. Mellendick told you during your conversation?

19 A. No.

20 Q. So you're not relying upon anything  
21 Ms. Mellendick told you with respect to your opinions?

22 A. No.

23 Q. And so I assume that Ms. Mellendick did not  
24 provide any facts or data that you considered in forming  
25 your opinion?

1 A. No.

2 Q. Did you provide any facts or data to  
3 Ms. Mellendick?

4 A. Not that I'm aware of.

5 Q. Did any of your opinions change as a result of  
6 speaking to Ms. Mellendick?

7 A. No.

8 Q. Is your damage estimate with respect to -- or  
9 your inflation estimate with respect to the Cibola  
10 nonrenewal predicated on the assumption that the  
11 Cibola's FFO contribution is gone forever?

12 MR. WOOD: Objection to form.

13 THE WITNESS: When you say "gone forever," do  
14 you mean after the contract was lost?

15 What do you mean by "forever"?

16 BY MR. MCGEE:

17 Q. Well, the contract was lost, correct?

18 A. Yes.

19 Q. And -- and you calculated inflation as a  
20 result of that, correct?

21 A. Yes.

22 Q. And so, as part of your calculation, did you  
23 assume that Cibola had no value?

24 MR. WOOD: Objection to form.

25 THE WITNESS: Well, so you've just asked two



1 not relevant because the Cibola contract is incremental  
2 to CCA's business.

3 BY MR. MCGEE:

4 Q. Does the \$6.62 inflation number, that we've  
5 been talking about, include some inflation for the  
6 Cibola nonrenewal?

7 A. Sorry. The \$6.62?

8 Q. Yes.

9 A. No. That -- that does not include inflation  
10 for the Cibola nonrenewable.

11 Q. So that inflation is built into the 32 cents?

12 A. I'm sorry. When you say "that inflation --"

13 Q. The inflation for the Cibola contract loss of  
14 32 cents.

15 A. Yes. The inflation associated with the Cibola  
16 contract loss is 32 cents.

17 Q. Why didn't you use the same FFO-based  
18 methodology that you used to estimate the value of the  
19 Cibola nonrenewal to estimate the value of the  
20 announcement that CoreCivic's other three remaining BOP  
21 contracts were unlikely to be renewed?

22 A. Well, it's -- you know, for the reasons we  
23 discussed earlier, after the Yates memorandum, the  
24 reduction in CCA's share price reflected, not only the  
25 expected loss of the BOP business, but it also reflected

1 the higher risk associated with the remainder of CCA's  
2 business.

3 Q. I'm not sure that that answered my question.

4 Why didn't you use the same FFO-based  
5 methodology for the three remaining contracts that you  
6 used for Cibola?

7 MR. WOOD: Objection to form.

8 THE WITNESS: Well, if I had used the same  
9 FFO-based methodology I had used for Cibola, that would  
10 have ignored the loss arising from the increased risk  
11 associated with CCA's non-BOP business.

12 BY MR. MCGEE:

13 Q. Why?

14 A. Well, because the FFO contribution method is  
15 necessarily based only on the FFO contribution of each  
16 individual facility. And -- excuse me.

17 And so making that calculation is not going to  
18 reflect the additional increase in perceived risk that  
19 was reflected in the share price associated with CCA's  
20 non-BOP business.

21 Q. Why will using the FFO methodology not reflect  
22 the additional increase in perceived risk that was  
23 reflected in the share price associated with CCA's  
24 non-BOP business?

25 MR. WOOD: Objection to form.

1 THE WITNESS: Well, I think I just answered  
2 that, but it's the same answer.

3 Looking at the FFO contribution is going to  
4 arrive at a value that is related only to those three  
5 BOP contracts, and it cannot -- or it would not capture  
6 the effects of the increase in risk across CCA's  
7 business.

8 BY MR. MCGEE:

9 Q. Why couldn't you have looked at the FFO for  
10 the non-BOP contracts?

11 MR. WOOD: Objection to form.

12 THE WITNESS: Well, the non-BOP contracts,  
13 unlike the BOP contracts, what we saw with the non-BOP  
14 business is there was not a discrete set of contracts  
15 that were expected to be lost, but rather there was an  
16 increase in perceived risk across the rest of CCA's  
17 business as it related to all of its expected earnings.  
18 So there was no need to break that down by each  
19 contract.

20 BY MR. MCGEE:

21 Q. You expected -- so you didn't expect the  
22 non-BOP contracts to be lost?

23 MR. WOOD: Objection to form.

24 THE WITNESS: Are you asking me if I expected  
25 the non-BOP contracts to be lost?

1 BY MR. MCGEE:

2 Q. I'm just reading your answer.

3 You said -- let me scroll back up. You said,  
4 "well, the non-BOP contracts, unlike the BOP contracts,  
5 what we saw with the non-BOP business is there was not a  
6 discrete set of contracts that were expected to be  
7 lost."

8 So what's your basis for that statement?

9 A. Well, if you look at the share price reaction,  
10 and the analyst reports, and their revisions to their  
11 expectations after the Yates memorandum, you can see  
12 that there is a set of earnings which is quantifiable,  
13 which analysts and I have quantified in terms of FFO,  
14 which was expected to be lost or significantly reduced.

15 So it is possible to take that earnings stream  
16 and translate that into a value. However, the remaining  
17 portion of CCA's earnings was -- also faced increased  
18 risk after the Yates memorandum. And that was reflected  
19 in a lower, for instance, FFO multiple across the  
20 company.

21 There is not a need, nor would it be  
22 appropriate, to attempt to disaggregate that by customer  
23 or across contracts, and that's what I testified to  
24 earlier.

25 Q. Why wouldn't it be appropriate?

1           A.     Because we're able to observe directly what  
2     the impact was, the materialization of risk on CCA's  
3     share price.

4           Q.     How?

5           A.     Well, as I explained in my report, we start  
6     with an event study, and that event study measures an  
7     abnormal return that corresponded to the Yates  
8     memorandum.

9                     And having measured that abnormal return, we  
10    can then subtract the counter-factual value of the BOP  
11    contracts, which, as I discussed earlier, I estimated  
12    conservatively to be \$1.44.

13                    And the difference between \$8.06, which we  
14    observed directly from the share price, and the  
15    counter-factual value of the BOP contracts, which I  
16    conservatively estimate to be \$1.44, is \$6.62.

17                    The entirety of that \$6.62 is related to the  
18    materialization of the risk that plaintiffs allege was  
19    concealed.

20           Q.     And just to be clear, you're assuming that the  
21    plaintiff would prove that the market's perception of  
22    the increased risk for the non-BOP contracts is linked  
23    to the alleged fraud regarding the BOP contracts --

24                    MR. WOOD:   Objection to form.

25                    /   /   /   /   /

1 BY MR. MCGEE:

2 Q. -- right?

3 A. Well, I think I state very clearly what I  
4 assume the plaintiff will prove, or more specifically  
5 what the finder of fact will find, which is that the  
6 information revealed through the corrective disclosures  
7 was within the zone of risk concealed through  
8 defendants' alleged fraud.

9 Q. But -- but in order to -- for your total  
10 inflation to apply, you have to assume, correct, that  
11 the plaintiff will prove that the market's perception of  
12 the increased risk of the non-BOP contracts is linked to  
13 the alleged fraud regarding BOP contracts, correct?

14 MR. WOOD: Objection to form.

15 THE WITNESS: I don't have to assume anything.  
16 I -- again, my inflation figures are based on the finder  
17 of fact determining that -- what I just read.

18 It -- it does not -- it's not predicated on  
19 the finder of fact doing that in some specific way or  
20 making some sort of specific finding.

21 BY MR. MCGEE:

22 Q. Well, if there's no finding of fraud with  
23 respect to the BOP contracts, can there still be  
24 inflation for non-BOP contracts that can be awarded in  
25 this case?

1 MR. WOOD: Objection to form.

2 THE WITNESS: So I'm having a little trouble  
3 understanding your question.

4 Are you -- so you're saying there's no finding  
5 of fraud with respect to the BOP contracts -- I'm just  
6 not sure what the finding of fraud would be. But that  
7 might be a legal question. I'm not sure I know how to  
8 answer that.

9 BY MR. MCGEE:

10 Q. Well, let me ask you this: You say that the  
11 inflation with respect to the Yates memorandum is \$6.62,  
12 and as we've talked about, you did not disaggregate that  
13 so it includes inflation for ICE, and Marshals, and  
14 state contracts, and perhaps even a few BOP contracts,  
15 right?

16 MR. WOOD: Objection to form.

17 THE WITNESS: As I testified earlier, I did  
18 not disaggregate the \$6.62.

19 BY MR. MCGEE:

20 Q. And if the finder of fact determines that the  
21 allegations in the complaint, which all relate to the  
22 BOP business, have no merit, right, then there can be no  
23 finding that the inflation in your \$6.62 that's related  
24 to the non-BOP contracts could be awarded in this case,  
25 right?

1 BY MR. MCGEE:

2 Q. Yes.

3 A. -- the alleged misrepresentations to the  
4 Yates -- okay.

5 Ultimately, the link between the alleged  
6 misrepresentations and the Yates memorandum is up to the  
7 finder of fact.

8 Q. Is GEO Group a peer company of CoreCivic?

9 A. Yes. GEO is a peer company of CoreCivic.

10 Q. Did you do anything in your damage analysis to  
11 take out the reaction to the Yates memo that also  
12 affected the GEO Group?

13 A. No. That would not be appropriate.

14 Q. Why not?

15 A. Well, because the GEO Group was a -- I  
16 addressed this pretty specifically in my rebuttal  
17 report.

18 But the GEO Group was also affected by the  
19 Yates memorandum in its own idiosyncratic ways.

20 Q. Was it --

21 A. But I address it specifically in section 3D of  
22 my rebuttal report.

23 Q. Was the GEO Group -- was the GEO Group's  
24 relationship with the BOP deteriorating the same as  
25 CoreCivic's?



1 MR. WOOD: Objection to form.

2 THE WITNESS: I don't know the answer to that.

3 BY MR. MCGEE:

4 Q. Why did the GEO Group's stock price decline  
5 roughly 35 percent upon the release of the Yates  
6 memorandum?

7 MR. WOOD: Objection to form.

8 THE WITNESS: Again, I haven't formed opinions  
9 on the GEO Group, but presumably because there was an  
10 expectation that the GEO Group would lose future  
11 business from the BOP.

12 BY MR. MCGEE:

13 Q. Do you think it's a coincidence that the GEO  
14 Group's stock price dropped significantly upon the  
15 release of the Yates memorandum?

16 MR. WOOD: Objection to form.

17 THE WITNESS: I don't think that's a  
18 coincidence.

19 BY MR. MCGEE:

20 Q. It's not a coincidence?

21 A. That the GEO Group declines in response to the  
22 Yates memorandum?

23 Q. Correct.

24 A. I don't think that's a coincidence.

25 Q. Is it your opinion that CoreCivic's stock

1 decline, upon release of the Yates memorandum, was the  
2 result of fraud by the defendants?

3 MR. WOOD: Objection to form.

4 THE WITNESS: That sounds like you're asking  
5 me about a finding of fact or law, I'm not sure.

6 BY MR. MCGEE:

7 Q. In -- you performed -- we talked about this  
8 earlier. You performed other event studies before,  
9 correct?

10 A. Yes.

11 Q. Have you, in those other event studies, ever  
12 controlled for peer company reactions?

13 A. It would -- in some of them, yes. It would  
14 just depend on what I'm trying to look at.

15 Q. Isn't it standard methodology of an event  
16 study to control for the movement of industry peers?

17 A. It's pretty standard to control for the  
18 movement of the industry -- the industry, as typically  
19 measured by an index.

20 I would not say it's typical to control for  
21 the movements of an individual peer company. I think it  
22 just depends on what you're trying to measure.

23 Q. Well, so here we have a unique situation.

24 We have, as -- as you and I discussed earlier  
25 this morning, you have an industry, private corrections,

1 that has two publicly traded -- two publicly traded  
2 companies, correct?

3 MR. WOOD: Objection to form.

4 THE WITNESS: Yeah. I mean, to define that as  
5 an industry -- I don't know if that's technically  
6 defined as an industry. They're both REITs, and both  
7 government services companies, but my understanding is  
8 that GEO and CoreCivic are the only two publicly traded  
9 private prison operators.

10 BY MR. MCGEE:

11 Q. And so don't you think that it would be  
12 appropriate to control for the industry here?

13 MR. WOOD: Objection to form.

14 THE WITNESS: But my event study does control  
15 for the industry.

16 BY MR. MCGEE:

17 Q. It doesn't control for GEO.

18 A. Well, that would not be appropriate.

19 Q. But GEO is the only other company in the  
20 industry --

21 MR. WOOD: Objection to form.

22 BY MR. MCGEE:

23 Q. -- right?

24 A. No. GEO is the only other publicly traded  
25 private prison operator.

1           Q.     Well, isn't the private prison industry what  
2 we're talking about here?

3           A.     When you say "industry," what we typically  
4 talk about is a sector of companies that one would  
5 expect to respond to macroeconomic changes, or large,  
6 sort of, variables, broad market, and industry-specific  
7 share price movements.

8                     It would not be appropriate, in this case, to  
9 define the industry as simply GEO and CoreCivic. It  
10 would -- it would subject the event study and the  
11 measurement to any idiosyncratic movements --  
12 company-specific movements that were specific to GEO --  
13 that were specific to GEO as -- that would essentially  
14 build in those company-specific GEO movements into the  
15 abnormal returns that one measures for CoreCivic. And  
16 no, that would not be appropriate.

17           Q.     What companies make up the publicly -- the  
18 publicly traded prison industry?

19                     MR. WOOD: Objection to form.

20                     THE WITNESS: Well, like I testified earlier,  
21 the only two publicly traded private prison operators  
22 that I'm aware of are GEO and CoreCivic.

23 BY MR. MCGEE:

24           Q.     And yet, you don't think it is appropriate to  
25 control for the GEO Group, the only other publicly

1 traded private prison operator, in your event study?

2 MR. WOOD: Objection to form.

3 THE WITNESS: Well, bear in mind that the GEO  
4 Group is part of the industry index that I use in my  
5 event study.

6 But no, I do not think it is appropriate for  
7 the purposes of this exercise to include the GEO Group  
8 as an independent progressor benchmark when measuring  
9 the abnormal returns.

10 BY MR. MCGEE:

11 Q. Why doesn't GEO's comparable stock drop  
12 suggest that something other than market recognition of  
13 CoreCivic's purportedly impaired relationship drove both  
14 companies stock drops following the Yates memorandum?

15 MR. WOOD: Objection to form.

16 THE WITNESS: Sorry. That -- that was --  
17 that's kind of a hard question to answer because of -- I  
18 think there were two negatives in there.

19 Would you mind rephrasing it?

20 MR. MCGEE: Sure.

21 BY MR. MCGEE:

22 Q. Doesn't GEO's comparable stock drop, following  
23 the Yates memorandum, suggest that something other than  
24 the market's recognition of CCA's purportedly  
25 deteriorating relationship with the BOP drove GEO and

1    **CoreCivic's stock drops?**

2                   MR. WOOD:  Objection to form.

3                   THE WITNESS:  I hate to ask you to take  
4 another crack at it, but I'm just having trouble  
5 following the sentence because it starts with "does it  
6 not."

7                   Is there any way you could rephrase it to be a  
8 bit more direct?

9                   MR. MCGEE:  Sure.

10                  BY MR. MCGEE:

11                  **Q.     GEO Group had a comparable stock drop to**  
12 **CoreCivic, following the Yates memorandum, correct?**

13                   MR. WOOD:  Objection.

14                   THE WITNESS:  GEO Group declined significantly  
15 after the Yates memorandum.  I don't remember precisely  
16 what it was, but it was significant.

17                  BY MR. MCGEE:

18                  **Q.     So doesn't the fact that both GEO and**  
19 **CoreCivic declined substantially, following the Yates**  
20 **memorandum, suggest to you that something other than**  
21 **CoreCivic's purportedly deteriorating relationship with**  
22 **the BOP drove the stock -- CoreCivic's stock price drop?**

23                  A.     No.  I think the answer to that is no, it does  
24 not suggest -- anyway, GEO's share price decline does  
25 not suggest that it was something other than CCA's

1 deteriorating relationship with the BOP.

2 Q. So it's a coincidence that the revelation of  
3 the fraud at CoreCivic also resulted in GEO Group's  
4 stock price dropping substantially?

5 MR. WOOD: Objection to form.

6 THE WITNESS: No. I don't think it's a  
7 coincidence. That's not what I meant to imply.

8 I was having a bit of trouble following your  
9 last question.

10 BY MR. MCGEE:

11 Q. Why did you ignore in your report the fact  
12 that the BOP renewed Adams and McRae following the Yates  
13 memorandum release?

14 MR. WOOD: Objection to form.

15 THE WITNESS: I wouldn't say I ignored it,  
16 I -- it just was not relevant to my analysis.

17 BY MR. MCGEE:

18 Q. Why not?

19 A. Well, I don't remember the details related  
20 to -- to each of those, and I know that Ms. Allen has,  
21 in her report, suggested it is necessary to look at the  
22 myriad of post-class period events that happened, but  
23 for the purposes of measuring the loss caused by the  
24 materialization of the risk revealed through the Yates  
25 memorandum, it's just simply not relevant to that

1 analysis.

2 And more generally, it's not appropriate to  
3 continue to look at events that happened after the class  
4 period as a -- as a benchmark or as part of that  
5 analysis because they happened for -- what Ms. Allen's  
6 report doesn't do is it does not -- it does not explain  
7 or attempt to reconcile those renewals back to the  
8 allegations.

9 Q. Well, the allegation is that the deteriorating  
10 relationship between the company and the BOP would  
11 result in the loss of contracts, correct?

12 MR. WOOD: Objection to form.

13 THE WITNESS: Well, the allegations are what  
14 I've -- you know, my understanding is what I've written  
15 in my report.

16 BY MR. MCGEE:

17 Q. And so it's irrelevant to you that -- the fact  
18 that the BOP indeed continued to renew contracts; is  
19 that -- do I understand you correctly?

20 MR. WOOD: Objection.

21 THE WITNESS: It's not relevant to consider  
22 that. Those contracts were renewed under subsequent  
23 economic conditions for whatever reasons they were  
24 renewed.

25 But what matters is how market participants



1 revised their expectations at the time the risk  
2 materialized.

3 MR. MCGEE: All right. Let's take a brief  
4 break if that works for you guys.

5 MR. WOOD: Sure.

6 THE WITNESS: Sure.

7 THE VIDEOGRAPHER: Okay. Going off the record  
8 at 4:36.

9 (Off the record at 4:36 p.m. Back on the  
10 record at 4:57 p.m.)

11 --o0o--

12 THE VIDEOGRAPHER: Back on the record at 4:57.

13 MR. MCGEE: Okay. Thank you.

14 BY MR. MCGEE:

15 Q. Mr. Dalrymple, I think that we've just put  
16 another document in the chat there.

17 Were you able to open up that document?

18 A. I think so.

19 The document that I have is plaintiff's  
20 objections and responses to defendant CoreCivic, Inc.'s  
21 second set of interrogatories to plaintiff?

22 Q. Yes. And it's a lengthy document --

23 A. Yes.

24 Q. -- several hundred some odd pages.

25 A. Yes.

1 MR. MCGEE: Let's enter that as Exhibit 571.  
2 (Deposition Exhibit 571 marked.)

3 BY MR. MCGEE:

4 Q. So as you said, Mr. Dalrymple, this is  
5 plaintiff's objections and responses to defendant  
6 CoreCivic's second set of interrogatories to plaintiffs.

7 Have you seen this document before?

8 A. I don't recall.

9 Q. If you turn back to page 145.

10 A. Okay.

11 Q. Interrogatory number 17. State each  
12 disclosure that you contend reveal the truth regarding  
13 one or more of the challenge statements listed in your  
14 response to interrogatory number 12.

15 Do you see that?

16 A. Yes.

17 Q. Does this refresh your recollection of whether  
18 you've seen this document before?

19 A. I'm not sure that it does.

20 Q. Do you recall if you were asked to provide any  
21 input to these responses?

22 MR. WOOD: Objection to form. I think you can  
23 answer that yes or no.

24 THE WITNESS: I don't recall.

25 / / / / /

1 consulting, and I am not -- I'm not certain if I can  
2 disclose those.

3 The cases in Australia post -- one -- one --  
4 two of them are over. They were two separate cases  
5 against a company called Downer EDI, and I don't -- I  
6 don't recall who the plaintiff was on those cases.

7 I am not sure if -- if I should disclose one  
8 case in which I've issued a report, but have not yet  
9 testified. It's also Australian.

10 There are several other Australian cases where  
11 I have issued mediation statements or analyses which  
12 are -- if I just recall off the top of my head, GPT  
13 Group, there was one called Aristocrat Leisure, another  
14 called Australian Leap Board, there was another one that  
15 I think was a REIT, but I don't recall the name.

16 And then with regard to U.S. cases, I've been  
17 involved in a number of those in a consulting role,  
18 although I cannot -- given that I was not disclosed, I'm  
19 not sure I am at liberty to say which ones they are.  
20 There have been a large number of those.

21 In addition to securities class actions, event  
22 studies are often used in support of analyses like  
23 fairness opinions. And, you know, our firm has issued a  
24 number of fairness opinions, and I've been involved in  
25 some of those in performing event studies.

1           In addition to those, I've also assessed  
2     artificiality outside the securities fraud context with  
3     respect to, say, for instance antitrust claims, and I  
4     believe we used some event studies there.

5           **Q.     And I may have asked you this before, but how**  
6     **many event studies have you performed in a securities**  
7     **case in which claims are brought pursuant to the**  
8     **Securities and Exchange Act of 1934?**

9           A.     In cases in which I was involved in a  
10    consulting capacity, it would be a -- numerous. I  
11    believe the number you asked me for earlier was -- I  
12    think you asked me for -- for the number of event  
13    studies on which I've issued reports, and I said maybe  
14    it was roughly five.

15           And when I say that, I mean when I have issued  
16    the reports. And that's -- it's probably more than five  
17    reports, and it's at least three cases from what I can  
18    recall.

19           **Q.     That involved claims under the Securities and**  
20     **Exchange Act of 1934?**

21           A.     Oh, no. I'm sorry. No. That are securities  
22    class actions.

23           **Q.     No. I understand.**

24           A.     Sorry about that.

25           **Q.     But specifically I'm looking for the number of**

1 event studies you have done in connection with cases  
2 that involve claims under the Securities and Exchange  
3 Act of 1934.

4 A. Yeah. In a consulting capacity a large  
5 number, but I have not -- I don't recall that I have  
6 issued a report under the Securities and Exchange Act of  
7 1934, but I would just have to go back and look at my  
8 previous cases.

9 Q. In a consulting role, you said "a large  
10 number." Can you put any parameters around that?

11 A. Well, the trouble I'm having is I don't -- I  
12 don't know which of those cases were actually under this  
13 act. And so when I think about it, you know, many of  
14 those were securities class actions pursuant to  
15 Rule 10b-5.

16 Q. Okay.

17 A. And maybe that's it. I'm not sure if you're  
18 trying to put a finer point on it or not.

19 Q. How many -- how many event studies have you  
20 performed in 10b-5 cases?

21 A. It -- 25, maybe. Some of those are class  
22 actions, some are not. Probably -- probably more.

23 When I say "25," I'm probably talking about  
24 cases. You know obviously when you perform -- when  
25 you're in a case, you're often performing multiple event

1 studies.

2 So if you add up the total number of event  
3 studies I've actually performed or analyzed in 10b-5  
4 cases, it's -- maybe it's a very large number. I  
5 don't -- I don't know what that is.

6 Q. And in that consulting role, are you  
7 supporting other experts?

8 A. Sometimes I was, sometimes I was assisting  
9 with mediation.

10 MR. MCGEE: All right. Let me break and get  
11 my notes in order if we can. Thank you.

12 MR. WOOD: Sure.

13 THE VIDEOGRAPHER: Okay. Going off the record  
14 at 5:33.

15 (Off the record at 5:33 p.m. Back on the  
16 record at 5:54 p.m.)

17 --o0o--

18 THE VIDEOGRAPHER: Back on the record at 5:54.

19 MR. MCGEE: We have nothing further.

20 Thank you for your time, Mr. Dalrymple.

21 THE WITNESS: Thank you.

22 MR. WOOD: I've got nothing. But we would  
23 like to read and sign.

24 THE VIDEOGRAPHER: If that is everything, we  
25 are going off the record on October 22, 2020, at

## 1 STENOGRAPHIC SHORTHAND REPORTER'S CERTIFICATION

2 - - -

3 I, VICTORIA L. VALINE, CSR NO. 3036, RMR, CRR,  
4 RSA, certify: That the foregoing proceedings were  
5 remotely taken before me via videoconference at the time  
6 herein set forth; at which time the witness was duly  
7 sworn; that a record of the proceedings was made by me  
8 using machine shorthand which was thereafter transcribed  
9 under my direction; and that the transcript is a true  
10 record of the testimony so given.

11 Further, that if the foregoing pertains to the  
12 original transcript of a deposition in a federal case,  
13 before completion of the proceedings, review of  
14 transcript was requested.

15 The dismantling, unsealing, or unbinding of  
16 the original transcript will render the Stenographer's  
17 Certificate null and void.

18 I further certify that I am not financially  
19 interested in the action, and I am not a relative or  
20 employee of any attorney of the parties, nor of any of  
21 the parties.

22 Dated this 29th day of October, 2020.

23 

24 \_\_\_\_\_  
25 Victoria L. Valine, CSR License #3036